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South Africa, Republic of

Dried Fruit

Semi-Annual

2004

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Report Highlights:

South Africa's 2004 production of raisins is expected at a lower quality and the same amount as last year at about 36,700 MT because of more than normal rainfall at harvest. The Dried Fruit industry expects more Thompson seedless raisins because of moisture conditions that discolor sultana varieties. Total exports are expected to decline by around 20% and domestic consumption to increase by more than 35% as a result of reduced quality.

Includes PSD Changes: Yes
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Executive Summary

South Africa's 2004 expectations for raisins are a lower quality and an average sized crop, similar to last year at about 36,700 MT, because of more than normal rainfall at harvest. The dried fruit industry expects more Thompson seedless raisins because high moisture conditions discolor the sultana varieties. Total exports are expected to decline by around 20% and domestic consumption is expected to increase more than 35% as a result of reduced quality.

Production

South Africa's 2004 marketing year period started from March 01 and will last towards the end of February the next season. The Orange River area in the Northern Cape, one of the major production areas for grapes that are used for drying, had frequent heavy rains during harvesting season. The dried fruit industry expects lower quality production of raisins from the region because of moist conditions that darken sultanas. More Thompson seedless raisins are expected this season compared to golden varieties.

BACKGROUND: ORANGE RIVER PRODUCTION REGION

About 8,000 Ha of table grapes are planted along the banks of the Orange River. 43,5 million cubic meters of water is pumped annually to irrigate the vineyards. The region has about 40 state-of-the-art cold storage facilities, which are 900 Km to the port of Cape Town, and about 300-400 refrigerated trucks deliver to Cape Town per week during the peak season. Harvest starts early in November.

The average maximum daily temperature during the growing season is about 36 degrees Celsius. The climate influences the harvesting pattern. The first harvest starts around week 45 and 46, beginning November (Onseepkans area). Harvest at Upington/Globersdal area start from week 48 and 49, which is end November and beginning December. The area produces Thompson seedless (46%), Sugraone (22%), Flame seedless (9%), Prime seedless, Regal seedless, and Crimson seedless varieties. Peak harvest is at week 50 and 51, which is mid-December. At this period, grapes are exported at a rate of about two million cartons per week.

THE TABLE OF FRESH GRAPES SENT FOR DRYING

Vines	2001	2002	2003
METRIC	TON	TON	TON
Total fresh grapes - dried	139,372*	169,420*	146,908*
Raisins Production	34,843	42,355	36,727
Producer prices(raisins) c/kg	295.89	319.57	358.39
Producer prices (unbleached sultanas) c/kg	418.80	282.99	482.78
Gross Value (R1000)	147,661	134,681	139,372

Source: South Africa's National Dept. of Agric; * = Preliminary

The table below shows the dried fruit production over a period of 4 years.

Type	1990/00	2000/1	2001/2	2002/3	2004*
Sultana	MT	MT	MT	MT	MT
Unbleached	4,709	9,158	2,591	6,500	2,000
Golden	4,028	7,490	5,536	7,470	9,000
Thompson seedless	27,622	16,552	31,844	20,850	25,725
Currants	1,463	1,420	1,837	1,770	NI
Raisins Muscat	320	223	179	120	NI
Total vines	38,142	34,843	41,987	36,710	36,725

Source: South Africa's Dried Fruit Technological Services

* Industry Estimates; NI=No data

Production Subcategory

South Africa, Republic of Raisins							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	12200	12,200	12300	12,300	12350	12,350	(HA)
Area Harvested	11300	11,300	11400	11,400	11450	11,450	(HA)
Beginning Stocks	8176	8,176	4598	6435	2051	1488	(MT)
Production	40518	42,355	34953	36,710	40000	36,720	(MT)
Imports	97	97	200	162	200	200	(MT)
TOTAL SUPPLY	48791	50628	39751	43307	42251	38408	(MT)
Exports	33693	33,693	28000	34,519	26000	27,000	(MT)
Domestic Consumption	10500	10,500	9700	7,300	11000	10,000	(MT)
Ending Stocks	4598	6435	2051	1,488	5251	1,408	(MT)
TOTAL DISTRIBUTION	48791	50628	39751	43307	42251	38408	(MT)

South Africa's 2004 raisins production is to remain stable from last year and at a lower quality because of heavy rains during harvesting period. The 2003 crop, though at 13% less in volume than 2002, resulted in a good quality production.

Consumption

The annual domestic consumption for raisins is around 10,000 MT, depending on production size and quality. The 2004 domestic consumption is expected to increase above 35% from last year because of the impact of heavy rains that reduced the quality for export, so more cheaper raisins will stay in the domestic market.

Consumption Subcategory

Prices are set throughout the distribution chain, and are mainly based on the current export rates. Average producer prices for 2004 are averaged as follows:

COMMODITY	PRICE/TON
Golden raisins	R5,500-00
Thompson seedless raisins	R3,400-00
Sultana raisins	R4,250-00

Source: DFT

Trade

Northern Cape provincial government is working with the industry on new market access initiatives, hail protection and the eradication of the Mediterranean fruit fly.

The dried fruit industry intends to keep their traditional markets, while evaluating opportunities for entering new ones. Exports to the U.S. are not likely to increase dramatically because of the comparative advantage the U.S. has over South Africa.

Trade Subcategory

South Africa, Republic of Raisins			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
U.S.	2,576	U.S.	1,264
Others		Others	
Canada	9,138	Canada	8,988
Germany	3,942	United Kingdom	6,034
United Kingdom	3,896	Germany	4,961
Netherlands	2,830	France	3,341
France	2,734	Netherlands	3,033
New Zealand	1,125	New Zealand	1,057
Japan	1,120	Japan	715
Phillipines	962	Switzerland	651
Hong Kong	648	Sweden	592
Algeria	628	Norway	460
Total for Others	27023		29832
Others not Listed	4,094		3,423
Grand Total	33693		34519

Source: World Trade Atlas

South Africa is maintaining its export destinations, mainly to Europe.

South Africa, Republic of Raisins			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	36
Others		Others	
Japan	39	Iran	49
U.K.	30	Chile	42
Turkey	23	Turkey	36
France	5	France	19
Total for Others	97		146
Others not Listed	0		16
Grand Total	97		162

Source: World Trade Atlas

South Africa increased imports in 2003 to account for a decrease in total production that was mainly exported. An expected lower production this season is likely to cause a substantial rise in imports. U.S. raisins have gained an impressive market share, going from no imports

in 2002 to tie with Turkey at 36 MT. The continuing strengthening of the Rand compared to the dollar is expected to sustain the market status, and even improve it this season.

Stocks

The 2004 stocks are expected to decrease by 4% from last year because of increased domestic consumption and the same production as last year.

Stocks Subcategory

None

Policy

The industry is using the National Department of Agriculture's regulation relating to raisin grading, packaging, and marking of dried fruit intended for sale and exports as appears under the Agricultural Product Standards Act of 1990. The drafted regulation on imports is still pending. Dried fruits are also regulated under the following Acts:

- a) The foodstuffs, Cosmetics, and Disinfectant Act 1972 (Act no. 54 of 1972) as applied by the National Department of Health;
- b) The Trade Metrology Act, 1973 (Act no.77 of 1973) as applied by the SABS
- c) The phytosanitary requirements as prescribed by the Directorate: Plant and Quality Control within the National Department of Agriculture.

Policy Subcategory

None

Marketing

South Africa's dried fruit industry has a number of promotional activities both run and funded by individual distributors and packers. Exporters are also contributing to foreign promotional programs with their agents. The industry has generic promotion programs run with the NDFTA in the U.K.

Marketing Subcategory

Since 1997, the South African Dried Fruit (SAD) formed a joint-venture with a U.S. based food multinational, HJ Heinz. SAD is distributing Heinz sauces and condiments, imported from Zimbabwe, Indonesia, Britain and the U.S.